

## ASX RELEASE

23 February 2012

### FIRST HALF 2011/2012 FINANCIAL YEAR RESULTS AND OPERATIONS UPDATE

The Directors of Lycopodium are pleased to announce a successful first half of the 2011/2012 financial year, delivering \$110 million of revenue and net profit after tax of \$10.2 million. Commensurate with these results, the forecast revenue for 2011/2012 has been upgraded to \$220 million with an after tax profit of \$20.5 million. The forecast year end results are ahead of the guidance provided at the commencement of the financial year.

The Directors have resolved to increase the interim dividend to 12 cents per share from 10 cents per share fully franked, payable on 16 April 2012 with a record date of 2 April 2012.

#### ***Corporate Overview***

The group enjoyed a strong first half stemming from a high workload overall and being underpinned by the three major projects which have previously been announced. The 2H2011/12 forecast reflects a levelling off in revenues as the major projects transition from design into construction and replacement study and project opportunities are sought.

The organic growth initiative into the North American market continued to gain traction during the period. The Toronto office has steadily grown since inception in February 2011, currently employing 50 staff, and is providing services to several Clients on feasibility studies.

A new niche consultancy was established during the period, Lycopodium Rail, which will provide consulting services to the heavy rail industry from a Newcastle base. Lycopodium Rail provides further organic diversification of our skills base.

SUPL underwent a name change during the period to Lycopodium Asset Management, to better reflect their industry segment to Clients but also to leverage off the corporate brand.

Tempering the high resources workload, Lycopodium Process Industries experienced a difficult first half. Project opportunities within the manufacturing industries continued to be limited, compounded by a strong Australian dollar. Despite this, several projects were secured at the end of the first half which will result in a positive order book for the balance of this financial year.

From a group wide perspective the Board is pleased with the ongoing performance of the company, however there remains pressures on the business through escalation in wages and competition for resources. The strength of the Australian dollar and the wage pressures noted afore will also continue to challenge our competitiveness on international projects and require continued mitigation strategies.

Further detail on Lycopodium's financial results during the first half can be found in the attached ASX Half Year Information. The first half results are also supplemented by our historical segment reporting format, which is appended to this update.

On behalf of the Board of Directors I would like to extend our appreciation to Lycopodium's management and staff for their continued contribution to the company's success.

While we endeavour to keep you informed of the Company's activities through the year, you can visit us through our website at [www.lycopodium.com.au](http://www.lycopodium.com.au) or feel free to call us if there is anything about the company and its activities you would like to discuss.

For further information:

**ROD LEONARD**  
**MANAGING DIRECTOR**

Telephone: +61 (0)8 6210 5222

**Lycopodium Ltd**  
**Segment Reporting Basis**  
**HYE 31 December 2011**

Segment Description	Revenues		Results	
	HYE 12/11	HYE 12/10	HYE 12/11	HYE 12/10
EPCM	76,255,450	32,474,575	12,965,728	6,363,083
Design & construct (lump sum)	521,818	180,410	121,538	51,095
Study services	15,531,337	31,630,306	2,629,101	4,333,857
Project services	16,531,147	14,840,835	2,742,262	3,491,880
	<u>108,839,752</u>	<u>79,126,125</u>	<u>18,458,629</u>	<u>14,239,914</u>
Unallocated revenue	1,110,882	1,017,967	0	0
	<u>109,950,634</u>	<u>80,144,092</u>	<u>18,458,629</u>	<u>14,239,914</u>
Unallocated revenue less unallocated expenses			<u>(3,640,217)</u>	<u>(1,625,967)</u>
Profit before income tax expense			14,818,411	12,613,948
Income tax expense			<u>(4,632,502)</u>	<u>(4,336,010)</u>
Profit for the half-year			10,185,909	8,277,938
Profit for the half-year is attributable to:				
Owners of Lycopodium Limited			10,129,023	8,277,938
Non-controlling interests			56,886	0
			<u>10,185,909</u>	<u>8,277,938</u>

# **Lycopodium Limited**

ABN 83 098 556 159

## **Interim financial report 31 December 2011**

**Lycopodium Limited** ABN 83 098 556 159  
**ASX Half-year information - 31 December 2011**

Lodged with the ASX under Listing Rule 4.2A.  
This information should be read in conjunction with the  
30 June 2011 Annual report

## **Contents**

Results for Announcement to the Market  
Half-year financial report

Page  
3  
4

**Results for announcement to the market**

				\$
<b>Revenue</b> from ordinary activities <i>(Appendix 4D item 2.1)</i>	Up	37%	to	109,950,634
<b>Profit / (loss)</b> from ordinary activities after tax attributable to members <i>(Appendix 4D item 2.2)</i>	Up	23%	to	10,185,909
<b>Net profit / (loss)</b> for the period attributable to members	Up	23%	to	10,185,909

	cents	cents
	Amount per security	Franked amount per security
<b>Dividends / distributions</b> <i>(Appendix 4D item 2.4)</i>		
Final dividend <i>(Prior year)</i>	20.0	20.0
Interim dividend recommended but not provided for	12.0	12.0

<b>Key ratios</b>	2011	2010
	December	December
Net tangible assets per ordinary shares (cents)	120	99

**Record date** for determining entitlements to the interim dividend is 2 April 2012

The Directors have recommended the payment of the interim dividend of 12 cents per fully paid ordinary share, fully franked based on a tax paid at 30% to be paid on 16 April 2012.

**Lycopodium Limited** ABN 83 098 556 159  
**Interim financial report - 31 December 2011**

	Page
Directors' report	5
Financial statements	
Consolidated statement of comprehensive income	8
Consolidated balance sheet	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the consolidated financial statements	12
Directors' declaration	18
Independent auditor's review report to the members	19

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

This interim financial report covers the consolidated entity consisting of Lycopodium Limited and its controlled entities. The financial report is presented in the Australian currency.

Lycopodium Limited is a company limited by shares, incorporated and domiciled in Australia.

It's registered office and principal place of business is:

Lycopodium Limited  
Level 5, 1 Adelaide Terrace  
East Perth WA 6004

## Directors' report

Your directors present their report on the consolidated entity ("the Group") consisting of Lycopodium Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2011.

### Directors

The following persons were directors of Lycopodium Limited during the whole of the half-year and up to the date of this report:

Michael John Caratti  
 Lawrence William Marshall  
 Rodney Lloyd Leonard  
 Robert Joseph Osmetti  
 Bruno Ruggiero  
 Peter De Leo

### Review of operations

A summary of consolidated revenues and results for the financial period by reportable operating segment is set out below:

	Segment revenues		Segment results	
	2011 \$	2010 \$	2011 \$	2010 \$
Corporate Services	12,452,376	1,372,671	(677,423)	(970,961)
Minerals	97,603,639	71,089,747	13,253,176	12,223,254
Other	25,144,889	13,979,276	2,265,158	1,330,008
Intersegment eliminations	(25,250,270)	(6,297,602)	-	-
Total segment revenue	109,950,634	80,144,092		
Unallocated revenue less unallocated expenses			(22,500)	31,647
Income tax expense			(4,632,502)	(4,336,010)
Total segment result			10,185,909	8,277,938

#### (a) Corporate Services

The Corporate Services segment consists of managerial and legal services provided to the Group in addition to strategic investment holdings.

#### (b) Minerals

The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multi-national producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil and building works, control systems, services and infrastructure to small skid-mounted pilot plants.

#### (c) Other

All other operating segments of the Group are aggregated on the basis of them being individually immaterial for the purpose of reporting.

### Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the period.

### Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 December 2011 that has significantly affected, or may significantly affect:

- the Group's operations in future financial periods, or
- the results of those operations in future financial periods, or
- the Group's state of affairs in future financial periods.



**Auditor's independence declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 7.

**Auditor**

PwC continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.



Rodney Lloyd Leonard  
Managing Director

Perth  
23 February 2012



## Auditor's Independence Declaration

As lead auditor for the review of Lycopodium Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review, and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect Lycopodium Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'P. Dreyer', is written over a faint, circular watermark or seal.

Pierre Dreyer  
Partner  
PricewaterhouseCoopers

Perth  
23 February 2012

**Lycopodium Limited**  
**Consolidated statement of comprehensive income**  
**For the half-year ended 31 December 2011**

	Half-year	
	2011	2010
Notes	\$	\$
<b>Revenue from operations</b>	<b>109,950,634</b>	<b>80,144,092</b>
Employee benefits expense	(52,902,836)	(38,884,178)
Depreciation and amortisation expense	(815,602)	(636,039)
Project expenses	(4,944,757)	(1,850,223)
Equipment and materials used	(257,747)	(88,242)
Contractors	(28,015,272)	(19,862,373)
Administration and management costs	(8,041,653)	(6,059,828)
Loss on disposal of asset	(20)	(26,230)
Finance costs	(154,336)	(123,031)
<b>Profit before income tax</b>	<b>14,818,411</b>	<b>12,613,948</b>
Income tax expense	(4,632,502)	(4,336,010)
<b>Profit for the half-year</b>	<b>10,185,909</b>	<b>8,277,938</b>
<b>Other comprehensive income</b>		
Changes in the fair value of available-for-sale financial assets	3(a) (17,000)	14,000
Exchange differences on translation of foreign operations	3(a) 56,684	(17,169)
Income tax relating to components of other comprehensive income	5,100	(4,200)
<b>Other comprehensive income for the half-year, net of tax</b>	<b>44,784</b>	<b>(7,369)</b>
<b>Total comprehensive income for the half-year</b>	<b>10,230,693</b>	<b>8,270,569</b>
Profit for the half-year is attributable to:		
Owners of Lycopodium Limited	10,129,023	8,277,938
Non-controlling interests	56,886	-
	<b>10,185,909</b>	<b>8,277,938</b>
Total comprehensive income for the half-year is attributable to:		
Owners of Lycopodium Limited	10,173,807	8,270,569
Non-controlling interests	56,886	-
	<b>10,230,693</b>	<b>8,270,569</b>
	Cents	Cents
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>		
Basic earnings per share	26.4	21.4
Diluted earnings per share	25.9	21.3

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Lycopodium Limited**  
**Consolidated balance sheet**  
**As at 31 December 2011**

	31 December 2011	30 June 2011
Notes	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	28,317,387	26,199,742
Trade and other receivables	41,575,493	39,835,368
Other current assets	2,521,842	1,639,824
<b>Total current assets</b>	<u>72,414,722</u>	<u>67,674,934</u>
<b>Non-current assets</b>		
Available-for-sale financial assets	15,000	32,000
Property, plant and equipment	4,798,667	4,119,085
Intangible assets	6,141,982	6,150,895
Deferred tax assets	4,621,244	4,273,369
Other receivables	1,479,133	1,629,874
<b>Total non-current assets</b>	<u>17,056,026</u>	<u>16,205,223</u>
<b>Total assets</b>	<u>89,470,748</u>	<u>83,880,157</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	28,477,915	24,080,951
Borrowings	1,843,325	909,754
Current tax liabilities	3,181,976	6,242,748
Provisions	762,142	316,431
<b>Total current liabilities</b>	<u>34,265,358</u>	<u>31,549,884</u>
<b>Non-current liabilities</b>		
Borrowings	1,722,351	1,781,208
Provisions	958,105	861,971
<b>Total non-current liabilities</b>	<u>2,680,456</u>	<u>2,643,179</u>
<b>Total liabilities</b>	<u>36,945,814</u>	<u>34,193,063</u>
<b>Net assets</b>	<u>52,524,934</u>	<u>49,687,094</u>
<b>EQUITY</b>		
Contributed equity	18,730,297	18,730,297
Reserves	3(a) 472,527	89,318
Retained profits	3(b) 33,314,246	30,916,243
Parent entity interest	52,517,070	49,735,858
Non-controlling interests	4 7,864	(48,764)
<b>Total equity</b>	<u>52,524,934</u>	<u>49,687,094</u>

*The above consolidated balance sheet should be read in conjunction with the accompanying notes.*

**Lycopodium Limited**  
**Consolidated statement of changes in equity**  
**For the half-year ended 31 December 2011**

	Contributed equity	Retained earnings	Foreign currency translation reserve	Available for sale investment revaluation reserve	Director performance rights reserve	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	18,730,297	26,123,639	(347,012)	(60,900)	273,411	-	44,719,435
Profit for the half-year	-	8,277,938	-	-	-	-	8,277,938
Other comprehensive income	-	-	(17,169)	9,800	-	-	(7,369)
<b>Total comprehensive income for the half-year</b>	-	<b>8,277,938</b>	<b>(17,169)</b>	<b>9,800</b>	-	-	<b>8,270,569</b>
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid	-	(8,504,122)	-	-	-	-	(8,504,122)
Director performance rights - value of rights	-	(8,504,122)	-	-	275,081	-	275,081
	-	(8,504,122)	-	-	275,081	-	(8,229,041)
<b>Balance at 31 December 2010</b>	<b>18,730,297</b>	<b>25,897,455</b>	<b>(364,181)</b>	<b>(51,100)</b>	<b>548,492</b>	-	<b>44,760,963</b>
<b>Balance at 1 July 2011</b>	18,730,297	30,916,243	(267,686)	(61,600)	418,604	(48,764)	49,687,094
Profit for the half-year	-	10,129,023	-	-	-	-	10,185,909
Other comprehensive income	-	-	56,684	(11,900)	-	-	44,784
<b>Total comprehensive income for the half-year</b>	-	<b>10,129,023</b>	<b>56,684</b>	<b>(11,900)</b>	-	-	<b>10,230,693</b>
<b>Transactions with owners in their capacity as owners:</b>							
Non-controlling interests on acquisition of subsidiary	-	-	-	-	-	27	27
Dividends provided for or paid	-	(7,731,020)	-	-	-	-	(7,731,020)
Foreign currency translation of non-controlling interests	-	-	-	-	-	(285)	(285)
Director performance rights - value of rights	-	-	-	-	338,425	-	338,425
	-	(7,731,020)	-	-	338,425	(258)	(7,392,853)
<b>Balance at 31 December 2011</b>	<b>18,730,297</b>	<b>33,314,246</b>	<b>(211,002)</b>	<b>(73,500)</b>	<b>757,029</b>	<b>7,864</b>	<b>52,524,934</b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Lycopodium Limited**  
**Consolidated statement of cash flows**  
**For the half-year ended 31 December 2011**

	Half-year	
	2011	2010
	\$	\$
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of goods and services tax)	118,625,533	81,242,869
Payments to suppliers and employees (inclusive of goods and services tax)	(99,459,326)	(71,529,484)
Interest paid	-	(2,220)
Income taxes paid	(8,041,148)	(4,264,859)
Interest received	604,288	673,280
Income tax refund from prior period adjustments	-	4,486,344
<b>Net cash inflow from operating activities</b>	<b>11,729,347</b>	<b>10,605,930</b>
<b>Cash flows from investing activities</b>		
Payments for acquisition of subsidiary, net of cash acquired	-	(400,000)
Payments for property, plant and equipment	(858,020)	(115,591)
Proceeds from sale of property, plant and equipment	-	3,006
Payments for intangible assets	(97,229)	(74,279)
<b>Net cash outflow from investing activities</b>	<b>(955,249)</b>	<b>(586,864)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(568,660)	(441,506)
Dividends paid to company's shareholders	(7,731,020)	(8,504,122)
Repayments of hire purchase and lease liabilities	(572,804)	(535,125)
Proceeds from repayment of loans under the senior manager share acquisition plan	150,741	133,649
<b>Net cash outflow from financing activities</b>	<b>(8,721,743)</b>	<b>(9,347,104)</b>
<b>Net increase in cash and cash equivalents</b>	<b>2,052,355</b>	<b>671,962</b>
Cash and cash equivalents at the beginning of the financial year	26,199,742	23,395,487
Effects of exchange rate changes on cash and cash equivalents	65,290	(66,023)
<b>Cash and cash equivalents at end of period</b>	<b>28,317,387</b>	<b>24,001,426</b>

During the half-year, \$1,397,646 (2010: \$333,445) of property, plant and equipment was acquired, of which \$539,626 (2010: \$217,854) was financed through finance lease.

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## **1 Summary of significant accounting policies**

This condensed consolidated interim financial report for the half year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by Lycopodium Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

### **(a) Basis of preparation**

The principal accounting policies adopted in the preparation of the financial report are consistent with those of the previous financial year and corresponding interim reporting period.

The impact of accounting standards issued but not yet effective is not considered to be material.

## **2 Segment information**

### **(a) Description of segments**

Management has determined the operating segments based on the reports reviewed by the Board that are used to make strategic decisions.

The Board considers the business from both a product and geographic perspective and has identified ten operating segments of which two are reportable in accordance with the requirements of AASB 8.

The Corporate Services segment consists of managerial and legal services provided to the Group in addition to strategic investment holdings.

The Minerals segment consists of engineering and related services provided to the extractive mining industry. The clients, including junior exploration companies and major multinational producers, are developing projects for a wide range of commodities. These projects range in scope from large greenfield projects involving process plant and equipment, civil and building works, control systems, services and infrastructure to small skid-mounted pilot plants.

All other operating segments are not reportable operating segments, as they fall under the quantitative thresholds of AASB 8. The results of these operations are included in the 'Other' column.

## 2 Segment information (continued)

### (b) Other segment information

The segment information provided to the Board of Directors for the reportable segments for the half-year ended 31 December 2011 and 2010 are as follows:

Half-year 2011	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	12,452,376	97,603,639	25,144,889	135,200,904
Inter-segment revenue	<u>(12,239,277)</u>	<u>(8,556,874)</u>	<u>(4,454,119)</u>	<u>(25,250,270)</u>
<b>Revenue from external customers</b>	<b>213,099</b>	<b>89,046,765</b>	<b>20,690,770</b>	<b>109,950,634</b>
<b>Profit / (loss) before tax</b>	<b>(677,423)</b>	<b>13,253,176</b>	<b>2,265,158</b>	<b>14,840,911</b>
<b>Total segment assets</b>	<b>12,629,206</b>	<b>57,657,114</b>	<b>20,719,788</b>	<b>91,006,108</b>
Half-year 2010	Corporate Services	Minerals	Other	Total
	\$	\$	\$	\$
Total segment revenue	1,372,671	71,089,747	13,979,276	86,441,694
Inter-segment revenue	<u>(1,197,161)</u>	<u>(1,570,513)</u>	<u>(3,529,928)</u>	<u>(6,297,602)</u>
<b>Revenue from external customers</b>	<b>175,510</b>	<b>69,519,234</b>	<b>10,449,348</b>	<b>80,144,092</b>
<b>Profit / (loss) before tax</b>	<b>(970,961)</b>	<b>12,223,254</b>	<b>1,330,008</b>	<b>12,582,301</b>
<b>Total segment assets - as at 30 June 2011</b>	<b>11,677,751</b>	<b>51,974,557</b>	<b>17,419,745</b>	<b>81,072,053</b>

#### (i) Segment revenue

Sales between segments are carried out at arm's length and are eliminated on consolidation. The revenue from external parties reported to the Board of Directors is measured in a manner consistent with that in the statement of comprehensive income.

Segment revenue reconciles to revenue from operations as per the statement of comprehensive income as follows:

	Half-year	
	2011	2010
	\$	\$
Reportable segment revenue	135,200,904	86,441,694
Intersegment eliminations	<u>(25,250,270)</u>	<u>(6,297,602)</u>
<b>Revenue as per statement of comprehensive income</b>	<b>109,950,634</b>	<b>80,144,092</b>



## 2 Segment information (continued)

### (ii) Segment profit before tax

The Board of Directors assesses the performance of the operating segments based on a measure of profit before tax.

A reconciliation of reportable segment profit before tax to the profit before tax in the statement of comprehensive income is provided as follows:

	Half-year	
	2011	2010
	\$	\$
Reportable segment profit before tax	14,840,911	12,582,301
Amortisation of customer relationships	(22,500)	(22,500)
Other	-	54,147
<b>Profit before income tax as per statement of comprehensive income</b>	<b>14,818,411</b>	<b>12,613,948</b>

### (iii) Segment assets

The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as per the balance sheet as follows:

	31 December	30 June
	2011	2011
	\$	\$
Segment assets	91,006,108	81,072,053
Intersegment eliminations	(7,196,602)	(2,866,979)
Intangibles arising on consolidation	5,721,992	5,742,583
Deferred tax arising on consolidation	(60,750)	(67,500)
<b>Total assets as per the consolidated balance sheet</b>	<b>89,470,748</b>	<b>83,880,157</b>

### 3 Reserves

#### (a) Reserves

	31 December 2011 \$	30 June 2011 \$
Available-for-sale investments revaluation reserve	(73,500)	(61,600)
Director performance rights reserve	757,029	418,604
Foreign currency translation reserve	(211,002)	(267,686)
	<u>472,527</u>	<u>89,318</u>

	31 December 2011 \$	30 June 2011 \$
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#### Movements:

##### *Available-for-sale investment revaluation reserve*

Balance 1 July	(61,600)	(60,900)
Revaluation - gross	(17,000)	(1,000)
Deferred tax	5,100	300
Balance 31 December / 30 June	<u>(73,500)</u>	<u>(61,600)</u>

##### *Director performance rights reserve*

Balance 1 July	418,604	273,411
Director performance rights plan expense	338,425	145,193
Balance 31 December / 30 June	<u>757,029</u>	<u>418,604</u>

##### *Foreign currency translation reserve*

Balance 1 July	(267,686)	(347,012)
Currency translation differences arising during the year	56,684	79,326
Balance 31 December / 30 June	<u>(211,002)</u>	<u>(267,686)</u>

### 3 Reserves (continued)

#### (b) Retained earnings

Movements in retained earnings were as follows:

	31 December 2011 \$	30 June 2011 \$
Balance 1 July	30,916,243	26,123,634
Net profit for the half-year / year	10,129,023	17,162,242
Dividends paid or payable	(7,731,020)	(12,369,633)
Balance 31 December / 30 June	<u>33,314,246</u>	<u>30,916,243</u>

### 4 Non-controlling interests

	31 December 2011 \$	30 June 2010 \$
<b>Interest in:</b>		
Share capital	28	1
Reserves	434	719
Retained earnings / accumulated losses	7,402	(49,484)
	<u>7,864</u>	<u>(48,764)</u>

### 5 Dividends

#### (a) Ordinary shares

	2011 \$	Half-year 2010 \$
<b>Final dividend</b>		
Dividends provided for or paid during the half-year	7,731,020	8,504,122
<b>(b) Dividends not recognised at the end of the reporting period</b>		

	2011 \$	Half-year 2010 \$
In addition to the above dividends, since period end the directors have recommended the payment of an interim dividend of 12 cents per fully paid ordinary share (2010 - 10 cents), fully franked based on tax paid at 30% (2010 - 30%). The aggregate amount of the proposed dividend expected to be paid on 16 April 2012 out of Group retained earnings at 31 December 2011, but not recognised as a liability at period end, is	<u>4,638,612</u>	<u>3,865,510</u>

## **6 Contingencies**

### **(a) Contingent liabilities**

#### *(i) Guarantees*

Guarantees are given in respect of rental bonds \$1,571,020 (2010 - \$836,194)

These guarantees may give rise to liabilities in the event that the company defaults on its obligations under the terms of the lease agreement for its premises at 1 Adelaide Terrace, East Perth; 253-269 Wellington Road, Mulgrave; 163 Wharf Street, Spring Hill; 156-163 Leichhardt Street, Spring Hill and 191 St Georges Terrace, Perth.

No material losses are anticipated in respect of any of the above contingent liabilities.

## **7 Events occurring after the reporting period**

There is no matter or circumstance that has arisen since 31 December 2011 that has significantly affected or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in the future financial periods.

**Lycopodium Limited  
Directors' declaration  
31 December 2011**

In the directors' opinion:

- (a) the financial statements and notes set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year on that date, and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

This declaration is made in accordance with a resolution of the directors.



Rodney Lloyd Leonard  
Managing Director

Perth  
23 February 2012



## Independent auditor's review report to the members of Lycopodium Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lycopodium Limited, which comprises the balance sheet as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Lycopodium Limited Group (the consolidated entity). The consolidated entity comprises both Lycopodium Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lycopodium Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



## **Independent auditor's review report to the members of Lycopodium Limited (continued)**

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lycopodium Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in black ink, appearing to read 'Pierre Dreyer', written in a cursive style.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Pierre Dreyer', written in a cursive style.

Pierre Dreyer  
Partner

Perth  
23 February 2012